

Office of PVC - Cooperative Development

**** Overview ****

Cooperatives enable people to achieve self-reliance and lasting economic independence. These member-owned democratic and community-based businesses spread economic benefits and provide opportunities for millions of people to participate directly in democratic processes.

The Humphrey Amendment to the Foreign Assistance Act of 1961, along with other legislation, has allowed USAID to dedicate substantial support and financial assistance to U.S. cooperative development organizations ([CDOs](#)) to carry out development overseas. PVC administers a competitive grants program for cooperative development. The program uses the expertise and resources of long-established U.S. cooperative organizations, their members, and volunteers to respond to the needs of cooperatives and other group-based businesses overseas. These member-owned democratic and community-based businesses spread economic benefits and provide opportunities for millions of people to participate directly in democratic processes.

**** Program Purpose and Objectives ****

The purpose of the Cooperative Development Organization (CDO) Program is to (1) support the development of cooperative systems overseas and (2) strengthen the capacity of U.S. CDOs to support international development on a sustainable basis.

The objectives of the CDO Program are to

- promote the growth of cooperative systems in developing countries and emerging democracies;
- increase capacities of indigenous cooperatives through technical assistance, training, and advisory services;
- encourage the establishment of long-term partnerships between the US CDOs and host country organizations, based on sound service, information sharing, and/or economic links, to ensure program sustainability;
- build the organizational commitment of US CDOs and their members to support international cooperative development activities;
- support efforts to broaden the development resource funding base of US CDOs and enhance long-term sustainability of cooperative development activities overseas.

**** Program Description ****

USAID has agreements with eight participating U.S. cooperative organizations to enhance cooperatives in credit, housing, agribusiness, technology transfer, democratic institutions, rural telecommunications and electrification, private enterprise development, and insurance protection sectors. The cooperative organizations are also provided funding to strengthen their institutional capacity to develop and implement activities in less developed countries. They have been selected through a competitive process and are funded by cooperative agreements. The current program began in mid 1997 and has a five-year life of project. In addition, four new cooperatives are being mentored into international development as subgrants to the program. These are [Cooperative Finance Corporation](#), [Cooperative Resources International](#), [HealthPartners](#), and [Southern States Cooperative](#).

**** Relationship to PVC's Strategic Plan ****

PVC is helping U.S. CDOs to strengthen their staffs and to "professionalize" their management and technical capacities in order for them and their partners overseas to achieve sustainable service delivery. CDO grantees participate in the Overseas Cooperative Development Council, which provides an excellent advocacy forum for the CDO grantees as well as for the USAID officials who are regularly involved in their development committee activities.

The CDO Program is assuring that long-term sustainability is a reality after USAID funding ends. To establish sustainability, partnerships between indigenous and U.S. cooperatives are clearly defined and encourage information sharing, capacity building, and long-term enterprise. PVC urges U.S. CDOs to increase membership involvement, provide volunteers for technical assistance overseas, and contribute a minimum 15 percent (cash or in-kind) program match. Finally, the program is improving its public outreach in order to make U.S. audiences more aware of each implementor's international development efforts.

**** Eligibility ****

To be eligible for DCHA/PVC funding under the Cooperative Development Program, the applicant must be a U.S. cooperative, a CDO, or an association representing cooperative members. Eligible organizations must also have an active, dues-paying membership and have, within the past five years, a minimum of two years experience in planning, managing, monitoring, and reporting on overseas development programs involving cooperative-based activities.

Once funded, CDOs agree to waive profits and/or fees if they operate at a profit or receive fees for services. USAID's policy is that no funds shall be paid as profit to any recipient. However, recipients may propose that program income earnings be added to the grant to further program objectives in accordance with the Code of Federal Regulations, Title 22, Part 226, Section 24 (b) (1).

CDO programs must

- support cooperative development in eligible countries;
- enhance the management systems and organizational capacity of U.S. CDOs to backstop cooperative development overseas;
- be consistent with USAID goals and country-specific program objectives;
- provide a minimum 15 percent matching, private, cash, or in-kind contribution to the program.

[\(Matching guidelines are described in the CODE OF FEDERAL REGULATIONS, 22 CFR 226.23.\)](#)
(PDF 118KB)

South Africa: Community Entrepreneurship and Business Initiative (CEBI)

The CDO Program is pleased to announce the startup of a three-year special initiative focusing on microlending and small-scale private enterprise development in two urban townships of South Africa. Building on the experiences of a team initiative in the previous CDO program, this project will be a joint venture by the [Cooperative Housing Foundation](#) (CHF), [Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance](#) (ACDI/VOCA) and the [National Cooperative Business Association](#).

The three partner organizations will enhance local economic development, increase access to financial markets for historically disadvantaged township residents and their businesses, and create employment. This will be accomplished through the unique application of cooperative development principles, including a combination of community empowerment through democratically structured group-based organizations, cooperative business development, and locally owned and controlled financial services.

Synergy in Microfinance Programs: Lessons from the Field

Examining successful microfinance programs of private voluntary organizations (PVOs) and CDOs in Bolivia, Burkina Faso, and Ecuador, a June 1999 study for PVC charted the programs' synergies and progress to date. The study compared primarily credit unions' and PVO microfinance methodologies. This study entitled [Bridging the Gap: Cooperative Development Organizations and Private and Voluntary Organizations in Microfinance](#) is now available on the web by following the link above.

PVC has recently condensed the key elements of the study into two user-friendly publications. Both are entitled "**Synergy in Microfinance Programs: Lessons from the Field.**" The larger of the two reports is a more comprehensive and in-depth analysis of the study findings. This includes a summary of the three case studies completed in Bolivia, Ecuador, and Burkina Faso, as well as recommendations to credit unions, CDOs, PVOs, and USAID for future microfinance initiatives. The shorter pamphlet is intended as a quick reference guide to both the larger study and the summary. To request a copy, please email the [Cooperative Development Program](#)

**** Key Program Statistics ****

Fiscal Year 1997

Program Funding Level: \$6,000,000
Number of Grants: 8
Number of Proposals: 9
Number of Grants: 11
Number of New Grants: 8

Fiscal Year 1998

Program Funding Level: \$6,000,000
Number of Grants: 8
Number of Sub-grants: 3

Fiscal Year 1999

Program Funding Level: \$4,477,377
Number of Grants: 8
Number of Sub-grants: 3

Fiscal Year 2000

Program Funding Level: \$5,500,000
Number of Grants: 8
Number of Sub-grants: 3

**** Success Story ****

Land O'Lakes (LOL)

The CDO Program in Guatemala focuses on indigenous coffee growers in four regions suffering from the results of the civil strife. To facilitate interaction with Mayan farmer beneficiaries in this post-conflict situation, Land O'Lakes has partnered with the International Indian Treaty Council, Central America Office (IITC/CA). IITC/CA is a human rights organization representing indigenous people in Guatemala. A particular emphasis of the Land O'Lakes/IITC relationship is the community leadership, ownership, and sustainability of progress being made by the communities to improve coffee production with links to the international, organic coffee market.

National Cooperative Business Association (NCBA)

NCBA assists a federation of cooperatives, which serves 1,100 small-scale coffee growers in South Sualwesi, Indonesia. NCBA provides technical assistance in co-op management to improve yields and quality of product and develops new export markets. In the first year, markets were developed for \$349,900 of Indonesian specialty coffees. The project's product has now become a premier coffee brand in the U.S. market once again.

Most recently, the project procured and processed the majority of the fourth season's crop with an increase of approximately 40 percent over the previous season's volume. Sales for the three years of implementation rose to \$2.8 million. The cooperatives have used proceeds from their earlier coffee sales to construct a coffee factory. During the first three seasons, the cooperatives procured and processed over 2 million pounds of export-grade green coffee. Building on the increased profitability of operations, the project is now expanding into two districts in North Sumatera.

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Links to other Grantees:

- [Americas Association of Cooperatives/Mutual Insurance Societies \(AAC/MIS\)](#)
- [ACDI/VOCA](#)
- [Cooperative Housing Foundation](#)
- [Land O'Lakes](#)
- [National Cooperative Business Association](#)
- [National Rural Electric Cooperative Association](#)
- [National Telephone Cooperative Association](#)
- [World Council of Credit Unions](#)

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**** RFA ****

No RFA is being issued for this program in [FY 2002](#)